

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7295

BILL NUMBER: HB 1979

NOTE PREPARED: Jan 14, 2003

BILL AMENDED:

SUBJECT: IDEM fee increases.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill increases certain Department of Environmental Management (IDEM) fees. The bill also restates certain definitions.

Effective Date: January 1, 2004; July 1, 2004; January 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: The proposal increases various fees and generates at least an estimated \$8.7 annually. An estimated \$2,600,000 will be generated in FY 2004 for Drinking Water permits with an estimated \$8,700,000 for all permits and application fees for FY 2005 and thereafter.

Program	Current Revenue	Estimated Revenue	Estimated New Revenue
New Annual Safe Drinking Water Fees	\$0	\$2.6 M	\$2,600,000
20% Increase in NPDES*,Solid Waste, & Hazardous Waste Permit Application Fee** & Annual Fee	\$7.3 M	\$8.76	\$1,460,000
Annual Increase in Solid Waste Disposal Fees	\$995,580 (6-year average)	\$3,507,116	\$2,511,536
New Annual Fee of \$300 for Hazardous Waste Small Quantity Generators	\$0	\$516,900	\$516,900
New Sewer System Construction Permit Application Fees (\$400 to \$600)	\$0	\$572,300	\$572,300
Doubles Wastewater Treatment Plant Operator Certification Fee (fee from \$30 to \$60)	\$68,324	\$136,648	\$68,324
New Annual Storm Water Fee Plus Increases in Existing Fees	\$104,800	\$212,400	\$107,600
Increased Permit and Annual Fee for Industrial Activity	\$164,050	\$771,600	\$607,550
New Permit and Annual Fee for General NPDES Municipal Separate Storm Sewer System	\$0	\$153,900	\$153,900
New Permit and Annual Fee for Individual NPDES Municipal Separate Storm Sewer System	\$0	\$3,000	\$3,000
New and Increased Annual Fees for Industrial Wastewater Pretreatment	\$57,750	\$166,500	\$108,750
New Other General NPDES Permits	\$0	Indeterminable	N/A
Total for Fiscal Year 2004			\$2,600,000
Total for Fiscal Year 2005 and after			\$8,709,860
*wastewater discharge **Permit Application Fees have been averaged over the five-year life of the permit			

A further breakdown of fees and entities affected follows:

Safe Drinking Water: First-time annual fees as follows:

For a community water system with more than 400 service connections, the annual fee is \$1.25 per service connection

For a community water system with 400 or fewer service connections, the annual fee is \$500

For a nontransient noncommunity water system, the annual operation fees are as follows:

Number of population served	Fee
25-100	\$250
101-250	\$300
251-500	\$400
501-1,000	\$500
1,001-3,300	\$750
3,301-5,000	\$1,000
5,001-10,000	\$2,500
more than 10,000	\$5,000

For a transient noncommunity water system, the annual operation fees are as follows:

<u>Type of transient noncommunity water system</u>	<u>Fee</u>
Groundwater	\$150
Purchase	\$100
Surface	\$300

Effective date of fee establishment: January 1, 2004

Current revenue: \$0

Projected revenue: \$2 - \$2.6 M (depending on the number of service connections)

NPDES, Solid Waste, and Hazardous Waste: Increases the existing statutory permit application and annual operation fees by 20%.

Effective date of fee increase: January 1, 2005

Current revenue: \$7.3 M

Projected revenue: \$8.76 M

Solid Waste Disposal: Increases the existing disposal fees for permit services as follows:

from \$0.10/ton to \$0.35/ton for solid waste disposed into a landfill

from \$0.05/ton to \$0.30/ton for solid waste disposed into an incinerator

Effective date of fee increase: January 1, 2005

Current revenue: \$995,580 (mean from 1997-2002)

Projected revenue: \$3,507,116

Hazardous Waste Small Quantity Generators: The bill establishes a first-time annual fee of \$300.

Effective date of fee establishment: January 1, 2005

Current revenue: \$0

Projected revenue: \$516,900

Sewer System Construction: The bill establishes permit application fees as follows:

sewer lift station	\$400
sewer collection system that is 1 to 5,000 linear feet	\$400
sewer collection system that is 5,001 to 10,000 linear feet	\$500
sewer collection system that is more than 10,000 linear feet	\$600

Effective date of fee establishment: January 1, 2005

Current revenue: \$0

Projected revenue: \$572,300

Wastewater Treatment Plant Operator Certification: The bill doubles the current certification fees as follows:

certification, including certificate	\$60
certification by examination for a new classification	\$60
biennial renewal fee	\$60

Effective date of fee establishment: January 1, 2005

Current revenue: \$68,324 (mean from 1998-2002)

Projected revenue: \$136,648

Storm Water: The bill increases existing fees and establishes new fees as follows:

Construction activity (rule 5):

increases permit fee from \$100 to \$200

establishes annual fee of \$200

Effective date of fee increase and establishment: January 1, 2004

Current revenue: \$104,800 (Currently, all revenue from the rule 5 permit fee is directed to DNR under a memorandum of agreement to help defray the costs for DNR activities related to storm water.)

Projected revenue: \$212,400 from the permit fee. Revenues from an annual fee will likely be determined upon completion of an in-process rule change before the Water Pollution Control Board. Total revenues could exceed \$1 M if most recent and to be issued Rule 5 General Permits have long lives. The projected annual revenue would decrease if the operators of projects that are actually complete file a Notice of Termination. It is undetermined at this time what amount will be directed to DNR.)

Industrial activity (rule 6):

increases permit fee from \$50 to \$300

increases annual fee from \$100 to \$300

Effective date of fee increase and establishment: January 1, 2004

Current revenue: \$164,050

Projected revenue: \$771,600 (Actual revenues will depend upon the outcome of an in-process rulemaking before the Water Pollution Control Board.)

General NPDES municipal separate storm sewer system (rule 13):

establishes permit fee of \$300

establishes annual fee of \$750

Effective date of fee increase and establishment: January 1, 2004

Current revenue: \$0

Projected revenue: \$153,900 (subject to completion of a Water Pollution Control Board rulemaking to establish a general permit by rule)

Individual NPDES municipal separate storm sewer system (rule 13):

establishes permit fee of \$500

establishes annual fee of \$1,000

Effective date of fee increase and establishment: January 1, 2004

Current revenue: \$0

Projected revenue: \$3,000 (subject to completion of a Water Pollution Control Board rulemaking to establish a general permit by rule)

Industrial Wastewater Pretreatment: The bill increases existing annual fees and establishes new fees as follows:

- increases annual fee for a facility holding an effective industrial wastewater pretreatment permit issued by the department from \$350 to \$500

- establishes an annual fee of \$1,000 for a POTW with a delegated industrial wastewater pretreatment program

- establishes an annual fee of \$2,000 for a POTW with a delegated industrial wastewater pretreatment program consisting of more than 25 significant industrial users

- establishes an annual fee for a POTW which receives wastewater from facilities holding an effective industrial wastewater pretreatment permit issued by the department, an annual fee of \$200 for each permitted facility

Effective date of fee increase and establishment: January 1, 2005

Current revenue: \$57,750

Projected revenue: \$166,500

Other General NPDES permits: The bill establishes an annual fee of \$500 for NPDES general permits not otherwise listed unless a lower fee is established in administrative rules adopted by the Water Pollution Control Board.

Effective date of fee establishment: January 1, 2005

Current revenue: \$0

Projected revenue: Undetermined at this time since the fee would apply to any new general permits that may be established by the Water Pollution Control Board in the future, such as onsite residential sewage discharging disposal systems in Allen County, concentrated animal feeding operations (CAFOs) etc.

All revenue generated by permit application, annual operation, and disposal fees is deposited into the Environmental Management Permit Operation Fund, a dedicated fund for permitting and related activities.

Balance information on this fund is detailed below.

Fund 2830 - Environmental Management Permit Operation Fund	
Cash:	\$8,411,416
Investments:	\$0
Total Assets of the Permit Operations Fund as of June 30, 2002:	\$8,411,416
Encumbrances	\$1,582,884
Fund Balance:	\$6,828,532
Source: Auditor of State	
Reversions Fiscal Year 2002:	\$0
Obligations Identified by IDEM: Contracts and grants.	\$320,000

The State General Fund will be affected to the extent that an increase in reliance on a dedicated fund may decrease reliance on the State General Fund.

Explanation of Local Expenditures: Local units of government will experience an increase in costs. The specific impact is indeterminable.

Explanation of Local Revenues:

State Agencies Affected: IDEM

Local Agencies Affected: Local units of government that require permits affected by the proposal.

Information Sources: IDEM

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